

Treasury Forfeiture Fund

FY 2014

President's Budget

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Section 1 – Purpose

1A – Mission Statement

The mission of the Treasury Forfeiture Fund is to affirmatively influence the consistent and strategic use of asset forfeiture by law enforcement bureaus participating in the Treasury Forfeiture Fund.

1.1 – Resource Detail Table

Dollars in Thousands

Treasury Forfeiture Fund Budgetary Resources	FY 2012		FY 2013		FY 2014		Change		% Change	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
Revenue/Offsetting Collections										
Interest		1,047		1,000		1,000		(47)		-4.49%
Restoration of temporary rescission		422,600		950,000		950,000		527,400		124.80%
Other Income		522,530		1,852,100		562,500		39,970		7.65%
Recovery from Prior Years		29,748		30,000		30,000		252		0.85%
Unobligated Balances from Prior Years		646,405		144,913		492,180		(154,225)		-23.86%
Total Revenue/Offsetting Collections		1,622,330		2,978,013		2,035,680		413,350		25.48%
Expenses/Obligations										
Asset Forfeiture										
Mandatory Obligations	24	406,356	25	1,475,033	25	500,000	1	93,644	4.17%	23.04%
Secretary's Enforcement Fund	0	42,931	0	15,900	0	16,000	0	(26,931)	0	-62.73%
Super Surplus Obligations	0	78,130	0	44,900	0	200,000*	0	121,870	0	155.98%
Total Expenses/Obligations	24	527,417	25	1,535,833	25	716,000	1	188,583	4.17%	35.76%
Rescissions/Cancellations										
Rescission of Unobligated Balances		(950,000)		(950,000)		0		950,000		N/A
Cancellation of Unobligated Balances		0		0		(950,000)		(950,000)		N/A
Total Rescissions/Cancellations		(950,000)		(950,000)		(950,000)		0		N/A
Net Results		144,913		492,180		369,680		224,767		155.10%

*These estimates are preliminary. Actual spending will depend on actual collections and future decisions on the best use of TEOAF resources.

1B – Vision, Priorities and Context

The Treasury Forfeiture Fund (the Fund) is the receipt account for the deposit of non-tax forfeitures made pursuant to laws enforced or administered by bureaus participating in the Treasury Forfeiture Fund. The principal revenue-producing member bureaus include the Internal Revenue Service's Criminal Investigation (IRS-CI), Customs and Border Protection (CBP), Immigration and Customs Enforcement (ICE), and the U.S. Secret Service (Secret Service.) The latter three bureaus are part of the Department of Homeland Security, transferred as part of the Homeland Security Act of 2002. These member bureaus are joined by the U.S. Coast Guard, Department of Homeland Security, as the result of a longstanding close law enforcement relationship with CBP and ICE. The Treasury Forfeiture Fund supports the Department's strategic goal to "protect our national security through targeted financial actions." The Treasury Executive Office for Asset Forfeiture (TEOAF) manages the Treasury Forfeiture Fund.

Vision: TEOAF focuses on supporting cases and investigations that result in high impact forfeitures. This approach will have the greatest impact on criminal organizations and thus will accomplish the ultimate mission of the Fund to disrupt and dismantle criminal enterprises. The enhancement of forfeiture activity requires longer more in-depth investigations. To this end, TEOAF emphasizes the use of mandatory funding authorities that support large case initiatives

including the purchase of evidence and information, joint operations expenses, investigative expenses leading to seizure, and asset identification and removal teams. In addition, it is also a priority to fund revenue-enhancing projects such as major case funding, database development, and computer forensics through the use of the Secretary's Enforcement Fund or Super Surplus funds when available.

Goals and Relationship to Departmental Goal(s): The goal of the Treasury Forfeiture Fund is to support the asset forfeiture programs of member law enforcement bureaus in a manner that results in federal law enforcement's continued and effective use of asset forfeiture as a high-impact law enforcement sanction to punish and deter criminal activity. "High impact" is defined as a cash forfeiture equal to or greater than \$100,000 in value.

The Goal of the Treasury Forfeiture Fund relates to Goal #3 of the Department's Strategic Plan: "Protect our National Security through Targeted Financial Actions." A primary feature of asset forfeiture as a criminal sanction is that it disrupts and dismantles criminal syndicates by removing their financial assets and, thereby, interfering with or disabling their viability. This strategic feature of asset forfeiture relates to the following strategy listed under Goal #3: "Disrupt and dismantle the financial networks of those who threaten national security or engage in illicit financing."

Priorities: Asset seizure and forfeiture is a priority for the Fund's participating law enforcement organizations, as well as the Department of the Treasury, and is linked directly to the National Money Laundering and Southwest Border Strategies. In this regard, TEOAF has identified the following priorities for mission success:

- Continue to educate and focus stakeholders, and others, on the vision and mission of Treasury's multi-Departmental asset forfeiture program (i.e., affirmatively influence the consistent and strategic use of asset forfeiture by law enforcement bureaus participating in the Treasury Forfeiture Fund to disrupt and dismantle criminal enterprises);
- Focus resources in a manner that enhances support of law enforcement's National Money Laundering Strategy, Southwest Border Strategy and anti-terrorism financing efforts;
- Foster and support the investment of forfeiture resources in the needs of our participating law enforcement bureaus in order to promote program excellence and strengthen the overall quality of criminal investigations; and
- Develop and modify forfeiture training and awareness programs that are responsive to today's needs and continually re-evaluate such training initiatives for best practices.

Context: The Treasury Forfeiture Fund continued in its capacity as a multi-Departmental Fund in FY 2012, representing the forfeiture interests of law enforcement components of the Department of the Treasury and the Department of Homeland Security. In the midst of this period of growth and change, the Fund's law enforcement bureaus continued their hard work of federal law enforcement and the application of asset forfeiture as a sanction to bring criminals to justice.

FY 2012: FY 2012 was another successful revenue year for the Treasury Forfeiture Fund with income of \$553 million from forfeitures, recoveries and interest. Among these forfeitures,

several large equitable shares were received from the Department of Justice (DOJ) forfeiture fund reflecting the substantial role of Treasury Forfeiture Fund member bureaus in the forfeiture of assets by that Department. Shares received in FY 2012 included just under \$60 million from the Google Inc. forfeiture to DOJ. In total, Google agreed to forfeit \$500 million in ill-gotten gains for taking advertisements from online Canadian pharmacies; i.e., the shipment of prescription drugs from pharmacies outside the United States to customers in the United States typically violates the Federal Food, Drug and Cosmetic Act and in the case of controlled prescription drugs, the Controlled Substances Act.

Regarding another equitable share received from the DOJ forfeiture fund in FY 2012, in March 2010, Wachovia Bank, N.A. entered into a Deferred Prosecution Agreement (DPA) in which the bank accepted responsibility for failing to maintain an effective anti-money laundering program. Wachovia failed to block Mexican currency exchange houses from laundering billions of dollars, including drug-trafficking proceeds, through the bank. Wachovia acknowledged that more than \$110 million was involved in transactions in accounts in violation of 18 U.S.C. §1956 and §1957, and, therefore, the funds were subject to forfeiture to the United States. The Treasury Forfeiture Fund's equitable share from the DOJ forfeiture fund in this case was \$34.6 million.

Forfeiture revenue from these two major cases alone totaled \$94.6 million in FY 2012. In addition to these major cases, bulk cash interdiction at the Southwest Border continues to bring in millions of dollars in forfeitures as smugglers attempt to take undeclared U.S. currency across the U.S. border into Mexico.

FY 2013 Plans and Changed Projections since the President's Budget Submission: TEOAF forecasts a continued successful forfeiture program for FY 2013 with forfeiture revenue from cases and prior year obligation recoveries estimated at \$1.883 billion, an increase over the revenue projection included in the FY 2013 President's Budget of \$1.300 billion. The FY 2013 estimate reflects the net of adjustments for major cases projected for FY 2013 and nonrecurring cases in FY 2012.

In addition, the FY 2013 President's Budget proposed a cancellation of \$830 million in unobligated balances from the Treasury Forfeiture Fund. This estimate instead shows a \$950 million rescission consistent with the current continuing resolution.

FY 2014 Plans: TEOAF intends to maintain a dynamic and evolving asset forfeiture program that is responsive to the needs of member law enforcement bureaus. At this time, the Treasury Forfeiture Fund estimates \$593 million in revenue from forfeitures, recoveries and interest in FY 2014.

Section 2 – Budget Adjustments and Appropriation Language

2.2 – Operating Levels Table

Dollars in Thousands

Treasury Forfeiture Fund Object Classification	FY 2012 Actual	FY 2013 Estimated	FY 2014 Estimated
25.2 - Other services	162,604	245,733	115,000
25.3 - Other purchases of goods & serv frm Govt accounts	225,756	307,167	143,000
41.0 - Grants, subsidies, and contributions	139,057	982,933	458,000
Total Non-Personnel	527,417	1,535,833	716,000
Total Budgetary Resources	\$527,417	\$1,535,833	\$716,000
Budget Activities:			
Asset Forfeiture Fund	527,417	1,535,833	716,000
Total Budgetary Resources	\$527,417	\$1,535,833	\$716,000
FTE	24	25	25

2B – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
DEPARTMENT OF THE TREASURY TREASURY FORFEITURE FUND <i>Of the unobligated balances available under this heading, \$950,000,000, are hereby permanently cancelled.</i>	

2C – Legislative Proposals

The Treasury Forfeiture Fund has no legislative proposals for FY 2014.

Section 3 – Budget and Performance Plan

3A – Asset Forfeiture Fund

(\$716,000,000 from revenue/offsetting collections):

The function of the Treasury Forfeiture Fund (the Fund) is to ensure that resources are managed to cover the costs of an effective asset seizure and forfeiture program, including the costs of seizing, evaluating, inventorying, maintaining, protecting, advertising, forfeiting, and disposing of property. Asset forfeiture is used by federal law enforcement to disrupt and dismantle criminal enterprises. The goal owner for this budget activity is the Director of the Treasury Executive Office for Asset Forfeiture.

Summary of Treasury Forfeiture Fund Authorities: The Treasury Forfeiture Fund is a special fund with permanent and indefinite authority. Special funds are federal fund collections that are earmarked by law for a specific purpose, and which consist of separate receipt and expenditure accounts. The enabling legislation for the Treasury Forfeiture Fund (31 U.S.C. § 9703) defines those purposes for which the Fund's revenue may be used. Forfeiture revenue on deposit in the Fund can be allocated and used as the result of a permanent indefinite appropriation provided by Congress.

A forfeiture process begins once property or cash is seized. Upon forfeiture, seized currency, initially deposited into a suspense, or holding, account is transferred to the Fund as forfeited revenue. Physical properties, once forfeited are sold and the proceeds are deposited into the Fund as forfeited revenue. It is forfeiture revenue that composes the budget authority for meeting the expenses of running the Treasury Forfeiture Fund program.

Expenses of the Fund are set in relative priority so that operating costs are met first. Expenses may not exceed revenue in the Fund.

Types of spending authority of the Fund: The **mandatory authority** items are generally used to meet the operating costs of the Fund, including expenses of storing and maintaining seized and forfeited assets, valid liens and mortgages, investigative expenses incurred in pursuing a seizure, information and inventory systems, and certain costs of local police agencies incurred in joint law enforcement operations. Following seizure, equitable shares are paid to state and local law enforcement agencies that contributed to the seizure activity at a level proportionate to their involvement.

Secretary's Enforcement Fund (SEF) is derived from equitable shares received from the Department of Justice or U.S. Postal Service (USPS) forfeitures. These shares represent Treasury's portion in the overall investigative effort that led to a Justice or USPS forfeiture. SEF revenue is available for federal law enforcement purposes of any law enforcement organization participating in the Treasury Forfeiture Fund.

Super Surplus represents the remaining unobligated balance at the close of the fiscal year after an amount is reserved for Fund operations in the next fiscal year. Super Surplus can be used for any federal law enforcement purpose.

3.1.1 – Asset Forfeiture Fund Budget and Performance Plan

Dollars in Thousands

Asset Forfeiture Fund Budget Activity								
Resource Level	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
	Actual	Actual	Actual	Actual	Actual	Actual	Estimated	Estimated
Revenue/Offsetting Collections	\$391,512	\$597,287	\$483,586	\$852,078	\$590,415	\$527,417	\$1,535,833	\$716,000
Budget Activity Total	\$391,512	\$597,287	\$483,586	\$852,078	\$590,415	\$527,417	\$1,535,833	\$716,000

Measure	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
	Actual	Actual	Actual	Actual	Actual	Actual	Target	Target
Percent of Forfeited Cash Proceeds Resulting from High-Impact Cases (%)	84.18	86.91	87.65	93.11	91.44	76.38	80.0	80.0

Key: N/A - Not in Effect; DISC - Discontinued; B - Baseline

Description of Performance: The Fund continues to measure the performance of the participating law enforcement bureaus through the use of the performance measure: percent of forfeited cash proceeds resulting from high impact cases. This measures the percentage of forfeited cash proceeds resulting from high impact cases, which are cases resulting in a cash forfeiture deposit equal to or greater than \$100,000.

Focusing on strategic cases and investigations that result in high impact forfeitures will do the greatest damage to criminal organizations, which will help to accomplish the ultimate objective of disrupting and dismantling criminal activity. Member law enforcement bureaus participating in the Treasury Forfeiture Fund met or exceeded the performance target in eight of the ten fiscal years since inception of the measure in FY 2002 through FY 2011. For this reason, the target was increased from 75% for fiscal years 2002 through FY 2010 to 80% beginning in FY 2011. The Forfeiture Fund maintains a target of 80 percent because some cases may be important to pursue, even if they are not high-impact cases and result in deposits of less than \$100,000.

For FY 2012, the member bureaus achieved a 76.38% high impact performance level for the fiscal year, missing the new higher target by less than 4 percentages points, and exceeding the former target of 75 percent.

For FY 2013, it is anticipated that member bureaus will reach the target of 80%, although financial challenges facing the member bureaus could have a negative impact. See Section 1B for a discussion of these issues.

A target of 80 percent has also been set for this performance measure in FY 2014.

Section 4 – Supplemental Information

4A – Summary of Capital Investments

TEOAF uses Departmental Offices (DO) systems and is part of DO's capital investment strategy.

[A summary of capital investment resources, including major information technology and non-technology investments](#) is available.